

## SEBI (Custodian) (Amendment) Regulations, 2026

SEBI has notified the Securities and Exchange Board of India (Custodian) (Amendment) Regulations, 2026 vide Notification No. SEBI/LAD-NRO/GN/2026/308 dated 3 July 2026. The amendments will come into force from 1 October 2026.

### Key Amendments

#### 1. Annual Reporting Replaced with Monthly Reporting

SEBI has amended:

- Regulation 9(d): The word “annual” has been substituted with “monthly”.
- Regulation 26(i): The word “annual” has been substituted with “monthly”.

Impact: Custodians will now be required to comply with reporting obligations on a monthly basis instead of annually, enabling more frequent regulatory oversight.

#### 2. Shift from Annual Fee to Monthly Fee

SEBI has amended the Second Schedule and replaced the annual registration fee structure with a monthly fee structure:

| Particulars   | Earlier                               | Revised                     |
|---------------|---------------------------------------|-----------------------------|
| Fixed Fee     | ₹10,00,000 per annum                  | ₹85,000 per month           |
| AUC-based Fee | 0.0005% of Assets Under Custody (AUC) | 0.0000416% of AUC per month |
| Frequency     | Annual                                | Monthly                     |

The fee payable will be the higher of the fixed fee or the prescribed percentage of Assets Under Custody (AUC).

#### 3. Monthly Fee Payment Timeline

Custodians must pay the monthly fee within 15 days from the completion of each month.

#### 4. Transitional Provisions

For custodians registered on or after 1 October 2026

- Proportionate monthly fee will be payable for the month of registration.
- Regular monthly fee will apply thereafter.

For custodians registered before 1 October 2026

- Proportionate annual fee for FY 2026-27 will be payable up to the commencement date.
- Any annual fee already paid for the period after 1 October 2026 will be adjusted against future monthly fee liabilities.
- Thereafter, monthly fees will be payable.

Significance of the Amendment

Benefits for SEBI

- More frequent monitoring of custodians.
- Improved regulatory oversight and supervision.
- Better alignment with near real-time market surveillance.

Implications for Custodians

- Increased reporting frequency.
- Need for stronger monthly compliance processes.
- Better alignment of fee payments with current Assets Under Custody.

**One-Line Summary**

SEBI's Custodian (Amendment) Regulations, 2026 shift custodian reporting and fee payments from an annual cycle to a monthly cycle, effective 1 October 2026, to strengthen regulatory oversight and improve compliance monitoring